

these concessions, it obtained an extension of its charter for fifteen years, carrying it to 1949, and the suspension for ten years of the right of the *Mont de Pti* to issue certificates of deposit or bills payable to bearer.¹ With branches scattered all over Mexico, which were not interfered with by the new law, and retaining the function of banker for the state, the National Bank continued to be one of the most potent organs of foreign investors in Mexico, and in 1906, under the stimulus of the adoption of the gold standard was able to increase its capital by 17,000,000 pesos.

Another organ which grew logically out of the new order of things, and which has done much to bring about harmony and co-operation between the banks, was the creation in February, 1899, of the Central Bank of Mexico (*Banco Central Mexicand*). It was the purpose of this bank to afford a means of union between the scattered state banks and incidentally to facilitate the clearing of their notes and other obligations. To this end it was provided that a state bank which wished to avail itself of the privileges offered by the Central Bank should subscribe at least one-tenth of its capital to the capital of the new institution. As it was not intended to preclude the subscription of capital from other sources, the shares were divided into two classes, those held by the banks, which could not be alienated, and those of private shareholders, which might be converted into the former class when deposited for that purpose by a bank.² Under the contracts made with the local banks, each local bank maintains an account with the Central Bank, which may be in favor of the local bank or against it. Different rates of interest are charged or paid under different conditions. The Central Bank buys bills from the local banks to the

¹ Favre, 61. It was declared in December, 1907, by the Minister of Finance, that "the importance of the rôle played by the National Bank in our system of credit as a reserve bank is becoming daily more manifest, as is also the fact that its large cash holdings and its conservative policy afford the most solid guarantees to the business interests of the country."—Budget for the Fiscal Year 1908-09, 15.

² Favre, 64.